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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 21 February 1978 CG NIDC 78/042C

NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Tuesday, 21 February 1978.

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The NID Cable is for the purpose of informing senior US officials.

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EGYPT: Aftermath and Reactions

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[redacted] //The failure of Egyptian troops to capture the terrorists who assassinated Yusif al-Sibai, the editor of Al-Ahram, and seized hostages on Cyprus has embarrassed Egypt's President Sadat and other leaders and seems likely to damage the President's prestige. We believe, however, that the assassination and bungled commando operation will ultimately have little impact on Sadat's efforts to provide for Palestinian self determination in any settlement with Israel.

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[redacted] Egypt announced yesterday that it is withdrawing its diplomatic, technical, and trade officials from Cyprus and demanding that the Cypriot Government withdraw its diplomatic personnel from Cairo.//

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[redacted] //Sadat's initial reaction was to direct his and Egypt's outrage and desire for revenge against the individual terrorists involved. The effect, if any, of Sadat's anger on his view of the role Palestinians should play in peace negotiations will depend on whether the Egyptians gain revenge and on which Palestinian groups are involved.//

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[redacted] At this early stage, we believe that the assassination and mishandled commando operation will ultimately do little to change Sadat's effort to resolve the Palestinian issue. Sadat must consider a number of political imperatives, such as the need to include other Arabs in peace negotiations, and is unlikely to reverse his policies because of a single terrorist attack. Once Sadat's anger subsides, he might even argue that the assassination underscores the need for a solution to the Palestinian problem.

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[redacted] While spokesmen for the Palestine Liberation Organization have publicly denied complicity in the assassination, the Egyptian Government has not yet received any official PLO denial. Unless Sadat reacts in a totally emotional way, we would expect him to maintain some contact with the moderate wing of the PLO, although he might now argue more forcefully that it break with the rejectionists. Any hint of involvement in the murder of Sibai by Fatah or its leader Yasir Arafat, however, would almost certainly cause Sadat to abandon even the pretense of including the PLO in negotiations.

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[] The Egyptian press is blaming rejectionist Palestinians for Sibai's murder and views it as an effort to derail Sadat's peace initiatives. The US Embassy in Cairo believes that most Egyptians, already tired of "carrying the burden of the Palestinians," are sincerely outraged over the killing and will now be less inclined to distinguish between Palestinian moderates and extremists. As a result, the Egyptian public is likely to redouble its support for Sadat's peace efforts and to back a tough approach toward the PLO.

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[] Sadat apparently directed that an all-out effort be made to capture Sibai's assassins; at different times preparations reportedly were underway for Egyptian aircraft to intercept the Cyprus Airways plane commandeered by the terrorists and for Egyptian commandos to attempt to rescue the terrorists' hostages while the plane was at Djibouti.

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[] //In an effort to save face, after the embarrassing failure of Egyptian troops at Larnaca, Cyprus, Sadat sent Acting Foreign Minister Ghali to Nicosia yesterday to discuss with Cypriot officials the extradition of the terrorists and the return of the Egyptian forces. Ghali was able to return with only the Egyptian personnel, and Cairo shortly thereafter

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announced its decision concerning the Egyptian and Cypriot diplomatic officials.// [REDACTED]

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CHAD: Situation Report

[REDACTED] A joint communique by Chad, Libya, and Sudan announced on Saturday calls for the holding of the previously planned meeting between the Chadian and Libyan Foreign Ministers in Niger, to be followed by a meeting between Chadian President Malloum and Libyan President Qadhafi in Libya. Chad agreed to withdraw its complaint against Libya in the UN Security Council, and the two disputants agreed to resume diplomatic relations, which were suspended on 6 February.

[REDACTED] Prior to the arrival in Tripoli of a Chadian delegation, a joint statement by the Libyans and the Sudanese, who have been attempting to mediate the dispute, announced Qadhafi's support of Malloum's appeal for a cease-fire between Muslim rebels and government forces in northern Chad. The statement also expressed Tripoli's desire to assist Ndjama in its goal of national reconciliation. Even if he is sincere, however, Qadhafi may not be able to convince the insurgents to lay down their arms.

[REDACTED] Chad is disputing the Libyan occupation of territory on Chad's northern frontier and alleged Libyan support for and even participation in the rebel military effort.

[REDACTED] In spite of the progress on the diplomatic front, fighting apparently continues. Faya-Largeau, the government's last remaining garrison in northern Chad, surrendered late Friday to the Muslim rebels. The fall of Faya-Largeau, combined with the government's loss of Fada and Ounianga-Kebir earlier this month, leaves almost all of northern Chad in rebel hands.

[REDACTED] the government has poor prospects for reversing the military situation and that Chad's army could do little to stop a determined rebel offensive toward Ndjama.// It is questionable, however, whether the rebels would attempt to advance on the capital. Such a move would lengthen their supply lines and take them far from sanctuaries in the mountainous north.

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[] During the past two weeks of fighting, some 40 percent of Chad's army--about 2,000 men--have been killed, wounded, or captured by the rebels. Most of the remainder of the army is spread among several small garrisons in the south.

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[] A company of French commandos is still in the city of Abeche to protect the French community and prepare for an evacuation of French nationals if necessary. //A source of the US defense attache in Ndjamena reports that guerrilla forces have attacked two small towns near Abeche in the last few days. If the fighting continues, Abeche itself may well become a major target.// []

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ARGENTINA-CHILE: Beagle Channel

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[] *The Presidents of Argentina and Chile met in southern Chile yesterday for their second round of talks on the Beagle Channel dispute. The two leaders signed an agreement that their military representatives prepared after the presidents met last month in Argentina.*

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[] According to the Chilean media, the Argentines and Chileans have agreed to negotiate the complex problem in three phases. A bilateral commission will explore all aspects of the boundary differences and lay the groundwork for more substantive discussions during an initial 45-day period. Over a subsequent six-month period, a joint technical commission will study specific issues including cooperation in the Antarctic where the countries have overlapping territorial claims. The final phase will entail finding means to implement the proposals readied during the second phase.

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[] Chilean Foreign Minister Carvajal told the US Ambassador that the negotiations would establish "elements of detente" and that some arrangement would be worked out on a balance of military forces in the south. While the diplomatic obstacles to a long-term solution remain formidable, the decision to negotiate the problem and to avoid provocative military action should reduce substantially the chance of an armed encounter in the disputed area. []

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ECUADOR: Bucaram Disqualified

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[] Ecuador's military government has issued a new election law that disqualifies the favored presidential candidate, populist leader Assad Bucaram. The country will probably return to civilian rule, but the winner of the presidential election on 16 July is more likely to be a front man for the military and the oligarchy.

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[] Bucaram was eliminated by a provision that disallows any candidate of non-Ecuadorean parentage. The former mayor of Guayaquil, Bucaram--whose parents were Lebanese--was also prevented from becoming president in 1972, when the military intervened and canceled the elections. The government had been reported earlier to be considering Bucaram's disqualification through a provision in the military code which stipulated that an armed forces officer must have native Ecuadorean parents. The President, as military commander in chief, would fall under this provision.

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[] The election law also prevents former presidents from running; this provision disallows the candidacy of Carlos Arosemena, who was head of state from 1961 to 1963. //Although Arosemena was given little chance of winning, his candidacy, like Bucaram's, was strongly opposed by most of the country's top military leaders. Some officers apparently believed that Arosemena's prospects might have been improved by a shift of votes from Bucaram.//

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[] This arbitrary exclusion of civilian candidates tarnishes President Poveda's international commitment to return Ecuador to civilian rule this year. Ecuador's performance in carrying out an election has been viewed as a signpost for the rest of the continent, where five other military regimes have promised that similar transitions will take place over the next few years.

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[] Although there is likely to be a strong protest and perhaps even some violence by Bucaram's supporters--particularly in the Guayaquil area--Bucaram's past statements indicate that he is resigned that the military can do as it pleases because "it has the guns."

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[] The mayor of Quito, Sixto Duran-Ballen, now appears to have the inside track for the presidency. The Conservative Party candidate not only has the backing of a strong coalition, but also enjoys the surreptitious political and financial support of the government. []

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IRAN: Anti-Government Rioting

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[] *The demonstration on Saturday in the north Iranian city of Tabriz was more serious than official Iranian news stories would indicate. The US consul in Tabriz reports extensive damage to the city; the demonstrators' principal targets were banks, hotels, police stations, and municipal buildings. Less violent demonstrations apparently occurred in other cities the same day.*

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[] The army, which took over from the police on Saturday, continues to patrol the streets, and a curfew remains in effect. There probably were more casualties than the six killed and 125 injured admitted by the government. All windows were broken at the Iranian-American Society binational center.

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[] The demonstration was triggered by an order from local religious leaders to close the bazaar in commemoration of the deaths of demonstrators in rioting against the Shah's modernization program in the city of Qom on 9 January. Once the bazaar was closed, mobs roamed through the streets and clashed with security forces. The crowds appeared to have been relatively well-organized, and their targets were carefully selected.

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[] Some demonstrators may have carried firearms. Anti-government demonstrators in Iran normally are armed only with sticks, rocks, and other makeshift weapons.

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[] The government has blamed the rioting on Islamic Marxist terrorist groups, assisted by "foreign elements." The US Embassy in Tehran, however, concludes that evidence so far points to fanatical Muslims as being primarily responsible. Leftist terrorist organizations possibly took over what had originated as a demonstration by religious dissidents.

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25X1 [] The Iranian Government has thus far been generally uninformative on the demonstration in Tabriz. The size and violence of the demonstration, however, presumably have caused serious concern in Tehran and could tip the balance against those who have previously advocated a more relaxed government policy in dealing with the Shah's opponents. []

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BRITAIN: Economic Developments

25X1 [] *//Britain's annual inflation rate fell below 10 percent last month after more than four years in double digits. Recent earnings and money supply statistics, however, point to a reacceleration of consumer price increases later this year.//*

25X1 [] *//In August 1975, when Prime Minister Callaghan's government introduced formal pay guidelines, prices showed a year-to-year rise of 26.9 percent. In addition to applying wage controls, the government also moved toward fiscal and monetary restraint to slow inflation. A nine-month decline in the prices of imported raw materials has reinforced the government's anti-inflation efforts. In recent months, the appreciation of the pound has helped hold down the cost of imports.//*

25X1 [] *//The present euphoria may be short-lived. Despite the publicized success of the government in holding major wage settlements to its 10-percent target, earnings have risen at an annual rate of nearly 17 percent since August, the start of the current pay round. Press reports suggest that recently approved productivity bonuses to coal miners may provide a substantial hidden wage increase, a bad precedent for future pay settlements.//*

25X1 [] *//The government also is overshooting its 9- to 13-percent target for money supply growth for the year ending mid-April. In January, the broadly defined money supply rose 2.2 percent and brought the projected increase for the fiscal year to about 15 percent. These developments suggest an acceleration of consumer price inflation later this year. []*

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USSR: Brezhnev Receives Award

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[] The Soviet leadership has conferred yet another award on President Brezhnev. Yesterday he received the "Order of Victory," the nation's highest military order, during a Kremlin ceremony. The award is another step in the embellishment of Brezhnev's military record and serves to keep him in the lime-light.

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[] Central Committee secretary Suslov, in presenting the order, emphasized Brezhnev's contributions to the struggle for peace, the development of Soviet military capabilities, and the defeat of the Germans in World War II. Brezhnev discussed the same topics in his remarks. He reiterated a recent common theme that the Soviets, in developing their armed forces, had not exceeded "the actual requirements of our security and the security of our socialist friends."

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[] Unlike previous occasions when Brezhnev was honored, the entire leadership was not present. Ukrainian party boss Shcherbitskiy in particular was unaccountably absent.

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[] The award, timed to coincide with the Soviet Army's 60th anniversary celebration, represents a further enhancement of Brezhnev's already exaggerated reputation as a military leader. The Order of Victory has been given only 16 times since it was established in 1943 and, until now, only to World War II commanders who directed large-scale military operations that "radically changed the situation to the advantage of the Soviet Union." Brezhnev's wartime exploits hardly fit this requirement.

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[] Brezhnev is the only political leader to receive this award other than Stalin and joins a select company of Soviet and foreign military leaders--including Marshals Zhukov and Konev and General Eisenhower.

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[] The award demonstrates the lengths to which Brezhnev and other Soviet leaders are willing to go in expanding his "personality cult." Brezhnev's military record has been extolled in even more effusive terms for several years, most recently in his memoirs of his wartime experiences, published in January.

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[] His military responsibilities have also been steadily expanded. Since 1975 Brezhnev has received two military promotions and several awards and has been recognized as Chairman

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of the USSR Defense Council. In addition, last October he was described as "Supreme Commander in Chief" of the Soviet Armed Forces. This formulation, however, has not been used subsequently, and it may remain controversial within the leadership. Suslov did not mention it in his remarks.

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[] The latest award serves Brezhnev in more important ways. It places him in the spotlight only weeks after he returned to activity after his latest bout with the flu and assorted other medical problems. It also comes at a time when other Soviet leaders have received awards on their 60th birthdays. Brezhnev will not have any greater political power because he has received the "Order of Victory," but the award gives him further prominence within the leadership and reminds his colleagues that his political authority is undiminished.

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EAST GERMANY: Stoph Reappears

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[] East German Premier Willi Stoph reappeared Saturday after five weeks' absence from public view. Stoph, party leader Honecker, Central Committee Secretary for Economics Mittag, and Central Committee International Relations Department head Markowski arrived Saturday in Poland for a previously unannounced weekend official friendship visit at the invitation of Polish party leader Gierek.

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[] The East Germans and Poles met in Krosno Province, an unusual spot for high-level visits, and discussed bilateral and some international problems. East German radio reported that the talks took place in "the traditional atmosphere of cordiality and mutual understanding," an indication that there may not have been complete agreement.

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[] Stoph's absence fueled renewed rumors of a split between Honecker and Stoph, as most recently stated in early December by the West German newsmagazine *Der Spiegel*. The East German Foreign Ministry on Friday reportedly informed a news service that Stoph was "taking a cure," but did not state where he was or when he would return to work.

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[] Some West Germans have reported that Stoph was in Moscow for at least part of the time he was out of sight. The weekly newspaper *Die Zeit* of 27 January stated that Stoph had been in Moscow "at the beginning of the week." []

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USSR: Travel Restrictions

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[] *The USSR in early January made the first substantial changes since 1966 in its list of areas closed to foreign travelers. The Ministry of Foreign Affairs says the new list eases restrictions, but the net gains for the US Embassy's travel program will be minimal. Soviet authorities continue to use a variety of highly effective tactics that deny to most diplomatic travelers much of the "open" area of the USSR.*

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[] The initiative may have been prompted by an easing of US restrictions on Soviet diplomatic travelers in 1976. The Soviets doubtless expect the US to respond by further easing travel restrictions on their diplomatic personnel.

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[] More than 25 cities and towns, as well as large areas in Siberia, Soviet Central Asia, and the Soviet Arctic, have been newly opened to travel. Magnitogorsk, the southern Urals metallurgical center, is by far the most interesting of these. The opening of Karagandinskaya Oblast may permit trips to Karaganda--a major industrial center in Kazakhstan--and to the surrounding coal mining region.

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[] Cities and towns in the Baltic and western Ukraine areas should prove particularly attractive to US Embassy personnel, although the Soviets have hedged these openings by providing detailed guidance for traveling through the countryside, which remains closed.

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[] Sleight-of-hand is apparent in the selection of newly opened rural areas in Soviet Central Asia, the Arctic, and the Far East. The opening of the southern half of Kzyl-Ordinskaya Oblast illustrates the technique. This desert region south of the Syrdarya River remains completely inaccessible to travelers because all towns, roads, and railroads lie on the still-closed right bank of the river. This area and similar ones in Turkmenistan and in the Far East would, in any case, be of little

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interest to Embassy travelers. The Foreign Ministry probably offered them as barter items in the hope of getting something better in return in the US.

25X1 [] In contrast, the Taymyrskiy Autonomous Okrug in the Arctic might be expected to draw US interest, if only because of the notoriety of the forced labor camps at Norilsk. Two such camps remain, one of which is undergoing expansion. Visits to this Okrug will, however, be very difficult to arrange because all major settlements, and presumably their airports, are barred to foreigners and there is no other way to get there.

25X1 [] The openings are offset by the closing of Chitinskaya and Amurskaya Oblasts and the Jewish Autonomous Oblast, which together form the USSR's Far Eastern border with China. Travel by Westerners on the eastern part of Trans-Siberian Railroad, a vantage point for observing Soviet defenses against the Chinese, is barred by these closures. In recent years, US and other diplomatic travelers have been "temporarily" required to detrain at Irkutsk and continue by air to Khabarovsk and from there by boat train to Nakhodka, the only open Soviet port with access to the Pacific Ocean. []

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USSR: Political Infighting

25X1 [] Soviet Politburo member Vladimir Shcherbitskiy, who is head of the Ukrainian Communist Party and a long-time protégé of President Brezhnev, received a relatively modest award in honor of his 60th birthday on Friday. On 9 February one of Shcherbitskiy's putative rivals, Politburo member Kulakov, received a major award; it appears that the granting of such awards has become part of the political infighting involved in the question of who will succeed Brezhnev.

25X1 [] The award Shcherbitskiy received--the Order of the October Revolution--was the minimum required by the occasion. This slight could be somewhat softened by the laudatory speech that Brezhnev can be expected to deliver at a Kremlin awards ceremony sometime soon.

25X1 [] Shcherbitskiy's failure to receive a Hero of Socialist Labor award--the standard for a Politburo member's 60th birthday--may be explained by the fact that he already had

twice received Hero awards--most recently just last September. A third Hero award would have been a conspicuous tribute, giving him more such awards than any Politburo member but Brezhnev.

25X1 [REDACTED] Shcherbitskiy, however, did not even receive the next highest award, an Order of Lenin, which would have been appropriate under the circumstances. This treatment of Shcherbitskiy casts an even more favorable light on the award of a Hero medal to Kulakov, who was singled out for special prominence at a separate awards ceremony. The ceremony surrounding the awarding of the Hero medal to Kulakov was perhaps more than the occasion called for, although Brezhnev's congratulatory speech was somewhat cool.

25X1 [REDACTED] Shcherbitskiy becomes the fourth Politburo member in recent months to receive an award in circumstances that break with precedent. In contrast to Kulakov, Politburo member Suslov, candidate Politburo member Demichev, and now Shcherbitskiy--in different ways and for different reasons--received less on their birthdays than had previous recipients. This suggests that such awards, which for many years followed an almost stereotyped protocol, have become increasingly politicized and that political infighting in the Kremlin is becoming sharper as the issue of who will succeed Brezhnev begins to loom larger.

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BRIEFS

USSR-Cuba

25X1 [REDACTED] Air Marshal Aleksandr Yefimov, first deputy commander in chief of the Soviet Air Forces, is in Cuba this week to participate in ceremonies observing the 60th anniversary of the establishment of the Soviet Army. This is the first time a Soviet delegation has been invited to Havana for the occasion.

25X1 [REDACTED] President Fidel Castro, Armed Forces Minister Raul Castro, and other high-ranking Cuban military officers met with Yefimov on Saturday. The visit underscores the close relationship between the Cuban and Soviet armed forces and could be used for discussions of Soviet-Cuban military cooperation in Africa. [REDACTED]

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USSR

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[] Soviet First Deputy Defense Minister Sokolov has been promoted one grade to Marshal of the Soviet Union, Radio Moscow announced on Friday. Sokolov has been a first deputy defense minister since 1967; he has general management responsibilities within the Ministry of Defense. His promotion places him on a par with the other two first deputy defense ministers, Chief of the Soviet General Staff Ogarkov and Warsaw Pact Commander Kulikov. []

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